

**CITY OF MOUNTAIN VIEW
MEMORANDUM**

DATE: September 27, 2002

TO: City Council

FROM: Ellis M. Berns, Economic Development Manager
Jessica von Borck, Senior Planner

SUBJECT: OCTOBER 8, 2002 STUDY SESSION—CENTRAL BUSINESS
ASSOCIATION AND CHAMBER OF COMMERCE BUSINESS
IMPROVEMENT DISTRICT

INTRODUCTION

At the July 16, 2002 City Council Study Session (Attachment 1), the Council requested additional information regarding the organizational structure and the functions of the Central Business Association (CBA) and the Mountain View Chamber of Commerce.

The purpose of this memo is to provide to the City Council further background information on the CBA and the Mountain View Chamber of Commerce, their involvement in the downtown and retail recruitment.

BACKGROUND AND ANALYSIS

Central Business Association (CBA)

The CBA, established in 1960, is a private nonprofit organization whose membership is made up of downtown businesses owners and merchants. In the 1980s, it was decided by the City Council and the CBA that a Business Improvement District (BID) should be formed in order to generate funds so that a part-time employee could be hired to work with downtown merchants in promoting and supporting downtown businesses. The CBA then became the advisory board to the City Council and advises the City Council on how the BID funds are expended. Each year when the City Council renews the BID, the CBA presents a proposed Action Plan advising the City Council on how they propose to spend the funds the following year.

There are currently 300 members in the CBA. Membership is comprised of downtown business owners who are located within BID Nos. 1 and 2 (Attachment 2—Map) and who are required to obtain a City business license. As part of their business license fee, business owners are required to pay an additional fee for the services and support of the CBA. The City collects the fee and then passes it on to the CBA. The BIDs generate approximately \$42,000 annually, which is approximately 25 percent of the CBA's total budget of \$159,000.

The funds raised by the BID are used to promote downtown businesses through participation in and sponsorship of numerous community activities, events and publications (Attachment 3). Some of the events sponsored by the CBA are: the annual A La Carte and Art, the KKSF Listener Appreciation Party and the food booths for the Small Brewers Festival. Each year these events attract over 100,000 people to downtown Mountain View. Not only do these events raise revenue for the CBA, but they also support the overall Downtown Economic Development Strategy goal to promote the downtown and encourage people to visit and support downtown Mountain View businesses.

Central Business Association—Retail Recruitment

A retail recruitment strategy includes the promotion of the downtown, establishing and maintaining good communications with businesses, and actively working with retailers and brokers to inform them of the retail opportunities in the downtown. As stated above, the CBA has been actively promoting the downtown through the various special events and advertising they provide throughout the year. They have also acted as a liaison between the downtown business community and the City regarding recent modifications to the various ordinances, such as signage, Conditional Use Permits, sidewalk cafés, etc.

One facet of retail recruitment the CBA has not been directly involved in due to limited budget and expertise is linking potential retailers with vacant space in the downtown. This is an intensive activity that requires the development and maintenance of relationships with Downtown businesses, property owners, real estate brokers and potential retailers.

Mountain View Chamber Of Commerce

Founded in 1922, the Chamber of Commerce is a public benefit corporation dedicated to enhancing the economic viability of the community. Different from the CBA, the Chamber is a voluntary membership organization of 650 businesses (90+ of which are

downtown merchants). The Chamber serves as the collective voice of local business and industry. The Chamber offers programs and services that support its members and the community. For example, the Chamber promotes economic development for the entire City by providing business startup resources, produces the "Guide to Starting a Business in Mountain View" and responds to prospective business inquiries. The Chamber also hosts workshops and forums for small business owners. In terms of involvement with downtown businesses, they support the CBA and its efforts to promote, create and maintain a positive business environment.

Mountain View Chamber of Commerce—Retail Recruitment

The Chamber is actively involved in promoting and maintaining a positive business environment in Mountain View. Their focus is the entire City and not specifically the downtown. They do sponsor the annual Art and Wine Festival that attracts over 200,000 people to the downtown, but they are not actively involved with downtown retail recruitment.

Reallocation of BID Funds

Both BID No. 1 and BID No. 2 were formulated under Streets and Highways Code Section 36500 in 1983 and 1991, respectively. The CBA was appointed as the advisory committee to the City Council to advise them on how BID funds should be expended. On an annual basis, the City Council, based on recommendations from the CBA, adopts a resolution that specifies fees to be levied and authorizes the City Manager to execute a contract for services with the CBA to allocate BID No. 1 and BID No. 2 funds appropriately. As past resolutions have stated, the funds are used for the following purposes: (1) promotion of public events which are to take place on or in public places in the area; (2) decoration of any public place in the area; (3) furnishing of music in any public place in the area; (4) the general promotion of businesses within the area; and (5) additional activities or improvements that benefit businesses located and operating in the BID.

Although the City Council has historically contracted with the CBA to provide these services, the Council could choose to contract with another service provider or could retain the funds and have these services provided directly by the City.

Merger Discussion

Both the CBA and the Chamber have had preliminary discussions regarding a merger and have determined that there was not enough mutual interest to pursue moving in

that direction (Attachment 4). Both organizations did not see sufficient benefit in such consolidation.

NEXT STEPS

In November, the City Council will be considering the annual renewal of the BID. At that time the City Council could:

1. Continue to allocate the funds to the CBA to continue to provide the programs and services they currently offer.
2. Request the CBA and Chamber evaluate a merger and return to the City Council in 2003 with a report outlining the feasibility of a merger. This may be difficult given that both organizations have had preliminary discussions and concluded that there was no benefit to a merger.
3. Contract with another service provider or retain the funds and have the City provide programs and services similar to what is offered by the CBA. Staff would need to develop a strategy and evaluate whether or not this approach would be feasible.

Prepared by:

Approved by:

Jessica von Borck
Senior Planner

Elaine Costello
Community Development Director

Approved by:

Nadine P. Levin
Assistant City Manager

Ellis M. Berns
Economic Development Manager

EMB/JVB/5/CDD
815-10-08-02M-E^

Attachments: 1. Staff Report and Minutes of July 16, 2002 Meeting
2. BID Map

3. CBA Programs and Services
4. Letter from CB

cc: Ms. Karen Cabello—Central Business Association
Ms. S. Carol Olson, Mountain View Chamber of Commerce